

## **Debt financing and economic growth of transition economies**

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Debt financing is an integral part of economic development of the transition economies. It is worth noting the emergence of objective needs to attract debt in poor economic growth, on the one hand, and the significant role of the debt burden as the main reason for slow economic development, on the other hand. Present research aims to examine the nature of economic growth of developing countries in terms of inevitability of the debt financing.

Theoretical grounding explores roots of several contradictory hypothesizes concerning positive and negative vectors of influence as well as an assumption on insignificance of the debt factor. Transition economies are diminished for separate empirical investigation due to the debt's distinctive affect on exponential growth.

Empirical part of the research tests debt burden hypothesis while policy decisions are supposed to be a significant factor specifying the character of the impact vector. Theoretical findings are followed by practical recommendations for public and private sectors of transition economies targeting growth. Policy suggestions on the debt management emphasize specific issues of the debt crisis resolving.

**Key words:** economic growth, debt financing, transition economies